

## Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 PM-05 NSC-05 SP-02 SS-15 CIAE-00  
INR-10 NSAE-00 EB-08 COME-00 STR-07 DLOS-09 AID-05  
OMB-01 AGRE-00 L-03 INT-05 OES-07 /095 W  
-----071870 010743Z /20

R 010427Z MAR 78

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 5049

INFO AMEMBASSY CANBERRA

AMEMBASSY PORT MORESBY

AMEMBASSY TOKYO

CINCPAC HONOLULU

C O N F I D E N T I A L SECTION 01 OF 02 WELLINGTON 01031

CINCPAC FOR POLAD

EO 11652: GDS

TAGS: ETRD, EFIS, JA, NZ

SUBJECT: SUZUKI VISIT TO NEW ZEALAND

REF: (A) TOKYO 2766, (B) 1977 WELLINGTON 5018

BEGIN SUMMARY: JAPAN'S FORMER MINISTER OF AGRICULTURE, ZENKO SUZUKI, COMPLETED FOUR DAYS OF TRADE TALKS IN WELLINGTON, FEBRUARY 23. THE CONSENSUS OF ALL PARTIES WAS THAT TALKS HAD BEEN UNSUCCESSFUL. IT NOW APPEARS CERTAIN THAT JAPANESE FISHING VESSELS WILL BE BANNED FROM NEW ZEALAND'S 200-MILE ECONOMIC ZONE AS OF APRIL 1. THE SIZE OF JAPAN'S FUTURE ALLOCATION (IF ANY) WILL DEPEND ON EXTENT OF JAPAN'S POSITIVE RESPONSE ON TRADE MATTERS. (A QUOTA WILL BE CONFIDENTIALLY SET ASIDE FOR JAPAN.) SUZUKI CONCLUDED TALKS WITH FORMIN TALBOYS WITH RATHER OPEN THREAT OF POSSIBLE JAPANESE RETALIATION. END SUMMARY.

1. JAPAN'S SIX-MAN TRADE DELEGATION, HEADED BY FORMER  
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AGRICULTURE MINISTER ZENKO SUZUKI, DEPARTED WELLINGTON FEBRUARY 23 AT THE CONCLUSION OF FOUR DAYS OF TALKS WITH PRIME MINISTER MULDOON, FOREIGN MINISTER TALBOYS, MINISTER OF FISHERIES BOLGER, AND OTHER GNZ OFFICIALS. NEITHER SUZUKI NOR GNZ SPOKESMEN MADE ANY EFFORT TO PORTRAY THE TALKS AS BEING ANYTHING OTHER THAN A FAILURE. THE GNZ HAD INVITED SUZUKI TO VISIT WELLINGTON AS A FOLLOW-

ON TO FORMIN TALBOYS' TOKYO TALKS LAST OCTOBER. WHILE NEW ZEALAND EXPECTATIONS WERE NOT HIGH, THE GNZ NONETHELESS HAD BEEN HOPEFUL THAT SUZUKI WOULD INDICATE A TANGIBLE GOJ SHIFT ON AT LEAST ONE OF THE FOUR ISSUES LEFT PENDING LAST OCTOBER, I.E., BUTTER AND SKIM MILK, PINUS RADIATA (NZ BUILDING TIMBER), BEEF, AND NEW ZEALAND-CAUGHT SQUID. IT WAS DOUBTFUL, NEW ZEALANDERS REASONED, THAT THE JAPANESE WOULD SEND AN ENVOY SO EMINENT AS SUZUKI TO DELIVER AN OUTRIGHT NO.

2. HOWEVER, IN THE GNZ'S OPINION THE GOJ RESPONSE AMOUNTED TO JUST THAT: I.E., NOTHING ON BEEF; AN UNDERTAKING TO REFER THE QUESTION OF THE SUITABILITY OF NZ PINE FOR THE JAPANESE BUILDING INDUSTRY TO A SCIENTIFIC INQUIRY; A "PITTANCE" ON SQUID; AND AN "INSULTING" OFFER ON SKIM MILK POWDER. THE ACTING HEAD OF MFA'S ASIA DIVISION, WHO PARTICIPATED IN ALL BUT ONE OF THE SUZUKI TALKS, GAVE AN EMBOFF THE FOLLOWING DETAILS OF THE JAPANESE REPLY.

(A) DAIRY PRODUCTS: ACCORDING TO MFA SOURCES, NZ DAIRY EXPORTS RATHER THAN BEEF, HAVE ALWAYS BEEN THE GNZ'S TOP PRIORITY IN DISCUSSIONS WITH THE JAPANESE. BECAUSE JAPAN HAS UNDERTAKEN A PROGRAM OF AGRICULTURAL SELF-SUFFICIENCY AND IS APPARENTLY BECOMING A SURPLUS PRODUCER OF BUTTER AND MILK, NEW ZEALAND FEARS THAT JAPAN WILL SOON GO THE WAY OF THE EEC AND EXCLUDE NEW ZEALAND DAIRY PRODUCTS FROM

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THE JAPANESE MARKET. IN DISCUSSIONS WITH SUZUKI, NEW ZEALAND CITED THE DROP IN BUTTER EXPORTS TO JAPAN FROM \$10.8 MILLION TO \$1.5 MILLION IN ONE YEAR AS PROOF OF THIS TREND AND OF JAPAN'S UNRELIABILITY AS A MARKET. THUS, THE JAPANESE PROPOSAL ON DAIRY PRODUCTS, AMOUNTING TO "ENCOURAGEMENT" TO PRIVATE IMPORTERS TO BUY NZ PRODUCE FOR THE SCHOOL LUNCH PROGRAM AND A POSSIBILITY OF ADDITIONAL PURCHASES FROM NZ FOR JAPAN'S FOOD AID PROGRAM FOR DEVELOPING COUNTRIES, WAS LABELLED BY MFA OFFICIALS AS "CONDESCENDING" AND "INSULTING." FORMIN TALBOYS WONDERED ALOUD WHAT JAPAN'S REACTION WOULD BE TO AN OFFER TO BUY JAPANESE STEEL PRODUCTS FOR DISPOSAL TO DEVELOPING COUNTRIES.

(B) BEEF: THERE WAS NO JAPANESE PROPOSAL ON BEEF.

(C) TIMBER: THE PROPOSAL TO REFER THE "PINUS RADIATA" ISSUE TO A SCIENTIFIC GROUP IS CONSIDERED BY MFA OFFICIALS TO BE A LIKELY STALL.

(D) SQUID: THE JAPANESE AGREED TO WAIVE THE 10 PERCENT DUTY ON SQUID IMPORTED FROM NEW ZEALAND, BUT FOR JOINT

VENTURE COMPANIES ONLY. THEY OFFERED NO REDUCTION OF THE QUOTA ON SQUID. (THIS GESTURE IS REGARDED AS A "PITTANCE" BY INDUSTRY SOURCES, BUT FOR THOSE LOOKING FOR SILVER LININGS, IT HAS BEEN PORTRAYED AS ONE.)

3. MORE THAN ANYTHING ELSE, SUZUKI'S VISIT REINFORCED THE GNZ'S DETERMINATION TO PLAY THE GAME THROUGH TO THE END, I.E., DENY JAPAN ACCESS TO THE NZ FISHERY AFTER APRIL 1. THE GNZ HAS MAINTAINED ALL ALONG THAT IT IS PREPARED TO RESPOND IN LIKE DEGREES TO JAPAN. PRIMIN MULDOON PUBLICLY

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-----071908 010742Z /11

R 010427Z MAR 78  
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INFO AMEMBASSY CANBERRA  
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C O N F I D E N T I A L SECTION 02 OF 02 WELLINGTON 01031

PROCLAIMED THE SUZUKI PACKAGE TO BE SO "INADEQUATE" THAT THE GNZ FELT NO OBLIGATION WHATSOEVER TO RESPOND. (SUZUKI'S PARTY INCLUDED THE PRESIDENT OF THE OVERSEAS FISHING COOPERATION ASSOCIATION, IWAO ARAKATSU, AND COUNSELLOR FOR THE JAPAN FISHERIES AGENCY, SAITO, BUT THE GNZ REFUSED TO DISCUSS FISH WITH THEM, MAINTAINING THAT THE LONGER STANDING AGRICULTURAL TRADE ISSUES HAD TO BE RESOLVED FIRST.) UNQUESTIONABLY, THE MAJORITY OF NEW ZEALANDERS CURRENTLY SUPPORT THEIR GOVERNMENT'S TOUGH POSTURE.

4. ACCORDING TO MFA SOURCES, THE TONE OF SUZUKI'S TALKS WAS CORDIAL THROUGHOUT. HOWEVER, FOLLOWING MORE THAN SIX HOURS OF DISCUSSIONS WITH FORMIN TALBOYS, SUZUKI REQUESTED A PRIVATE SESSION ON FEBRUARY 22. REPORTEDLY, SUZUKI THEN ADVISED TALBOYS THAT A BAN ON JAPANESE FISHING WITHIN THE 200-MILE ZONE WOULD LIKELY RESULT IN ADVERSE PUBLIC

REACTION IN JAPAN. HE SAID IF THAT HAPPENED, THE GOJ  
COULD DO NOTHING TO CONTROL IT.

5. COMMENT: GNZ OFFICIALS WERE REDUCED TO NOTING THAT  
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SUZUKI, AFTER HOURS OF TALK, FINALLY CONCEDED THAT SEVERAL  
OF THE NZ TRADE REQUESTS WERE OF 15-17 YEARS STANDING AND  
THAT THE BILATERAL TRADE, WHEN COMPARED ON IDENTICAL  
BASES, IS INDEED IN JAPAN'S FAVOR. (WHILE PROTESTING THAT  
TRUE PROGRESS CANNOT BE MEASURED IN SUCH SMALL INCREMENTS,  
THE EMBASSY'S MFA SOURCE CONFIDENTIALLY ACKNOWLEDGED THAT  
A JAPANESE QUOTA WILL BE SET ASIDE FOR POSSIBLE FUTURE USE  
WHEN THE GNZ GOES THROUGH ITS LICENSING AND ALLOCATION  
EXERCISE--SEE REFTEL B.) GNZ IS BUT MODERATELY CONCERNED BY  
WHAT THEY CONSIDER TO BE SUZUKI'S RATHER OPEN THREAT. THEY  
ARE BETTING THAT THE GOJ, ASSAILED FOR MUCH GREATER TRANS-  
GRESSIONS BY OTHER AND LARGER TRADING PARTNERS, WILL LACK  
THE ZEAL FOR MEASURES LIKELY TO FURTHER DAMAGE JAPAN/NZ  
RELATIONS. ADDITIONALLY, THE EMBASSY HAS LEARNED THAT THE  
GNZ HAS EMBARKED ON A MAJOR (BY NZ STANDARDS) PUBLIC  
RELATIONS EFFORT TO REACH THE JAPANESE CONSUMER THROUGH  
SELECTED JAPANESE MEDIA PERSONALITIES. THEY BELIEVE THAT  
TO DATE THIS EFFORT HAS BEEN SUCCESSFUL IN PRESENTING NZ  
IN JAPAN AS AN EFFICIENT AGRICULTURE PRODUCER AND RELIABLE  
TRADING PARTNER. IN SUM, NEW ZEALAND'S ECONOMIC PROBLEMS  
ARE IMMEDIATE; THEY CANNOT AFFORD THE LUXURY OF THE  
PATIENCE WHICH SUZUKI ADVOCATED. END COMMENT. SELDEN

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## Message Attributes

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